

CENTRAL INTELLIGENCE AGENCY
Office of Current Intelligence

20 August 1961

MEMORANDUM

SUBJECT: SOVIET BLOC INTEREST IN BRAZIL'S NORTHEAST

1. Soviet bloc offers to aid the Brazilian Government in the development of the Northeast have come from the USSR, Czechoslovakia, Poland, East Germany, and Hungary. Bloc negotiators have indicated specific projects for which their countries have the ability to provide aid; the broadest aid offer has come from the USSR. The East Germans have offered to re-equip textile factories and the Poles have offered help with the fishing industry, while the Soviet offer is for a large-scale irrigation and power project. This is in line with the bloc's approach to underdeveloped areas in other parts of the world. While the Northeast has received greater bloc attention in recent months than other areas of the country, some interest continues to be shown in states outside the northeast.

2. The most recent development in Soviet bloc aid to northeastern Brazil is the arrival about 10 August of two Hungarian representatives to discuss Budapest's offer of equipment, technicians, and geologists to drill 2,200 water wells in the area. A Czech offer of \$10,000,000 in industrial equipment for the State of Para was reported on 11 August.

State Department review
completed

A Soviet offer of a large-scale power and irrigation project was reported in late July.

25X1

Poland is reported,

however, to have sought earlier to undertake an aid program in the area but to have been unable to reach an agreement with Brazil.

3. President Quadros' office on 19 August published the text of a letter he sent to Soviet President Brezhnev and Premier Khrushchev in which Quadros is quoted as saying, "We have received valuable aid from other sources, but not in proportion to our needs or in proportion to the increase in our own capacity for work..." He added, "For Brazil it is important to intensify trade with the Soviet Union. We have something to offer and much to receive. The science, the technique, the resources accumulated in the USSR's giant race toward progress can stimulate the development of my country at the moment when Brazil has decided to break the routine of misery, sickness and ignorance."

4. An appendix of specific offers is attached.

APPENDIX

1. SOVIET UNION

Irrigation and power--A Soviet plan for extensive development of irrigation and hydroelectric power facilities reportedly was submitted to the Brazilian delegation, headed by Joao Dantas, which toured Eastern Europe last spring. The Foreign Ministry announced on 31 July that the USSR had offered Brazil a \$200,000,000 credit on the same terms given Egypt for the Aswan Dam. This could mean long-term Soviet economic involvement in Brazil, since the payments on principal and interest at 2.5 percent would not commence until after delivery and would be spread over 12 years after each item reached Brazil.

25X1

25X1

The press in Recife, capital of Pernambuco State, reported that Mikhail P. Georgadze, head of a Soviet good-will mission recently in Brazil, said that the USSR would give various kinds of aid to Brazil if the country wanted it. With reference to the vast desert regions of the Northeast that he had seen during the flight from Recife to Brasilia, the USSR

Approved For Release 2004/10/08 : CIA-RDP79S00427A000500040035-3

could, for example, send specialists to explore the sub-soil, which ought to contain riches thus far ignored. He added, "In India there are similar regions in which foreign technicians have tried to find petroleum for the past 50 years, with Soviet specialists discovering deposits in the same areas in only five months."

2. HUNGARY

Water wells--President Quadros ordered the Finance and Foreign Ministries to give full support to two Hungarian officials who recently arrived to discuss Budapest's offer of equipment, technicians, and geologists to drill water wells in northeast Brazil, according to a report of 11 August from the US Embassy in Rio de Janeiro. The Hungarians are also to study economic exploitation of magnesite.

3. CZECHOSLOVAKIA

Industry for Para--Havana radio reported on 11 August 1961 that a proposal by the Government of Czechoslovakia to install industries totalling \$10,000,000 in the State of Para was handed to President Quadros by the governor of that state. The governor had recently returned from a trip to several bloc countries. In 1959 Brazil accepted Czech aid for the construction of a cement factory in the State of Para--a project since completed.

Equipment for SUDENE--The Brazilian radio reported on 13 May 1961 that President Quadros had asked the minister of industry and commerce to appoint a committee to study offers by Czechoslovakia to furnish hydro- and thermo-electric equipment, farm

Approved For Release 2004/10/08 : CIA-RDP79S00427A000500040035-3

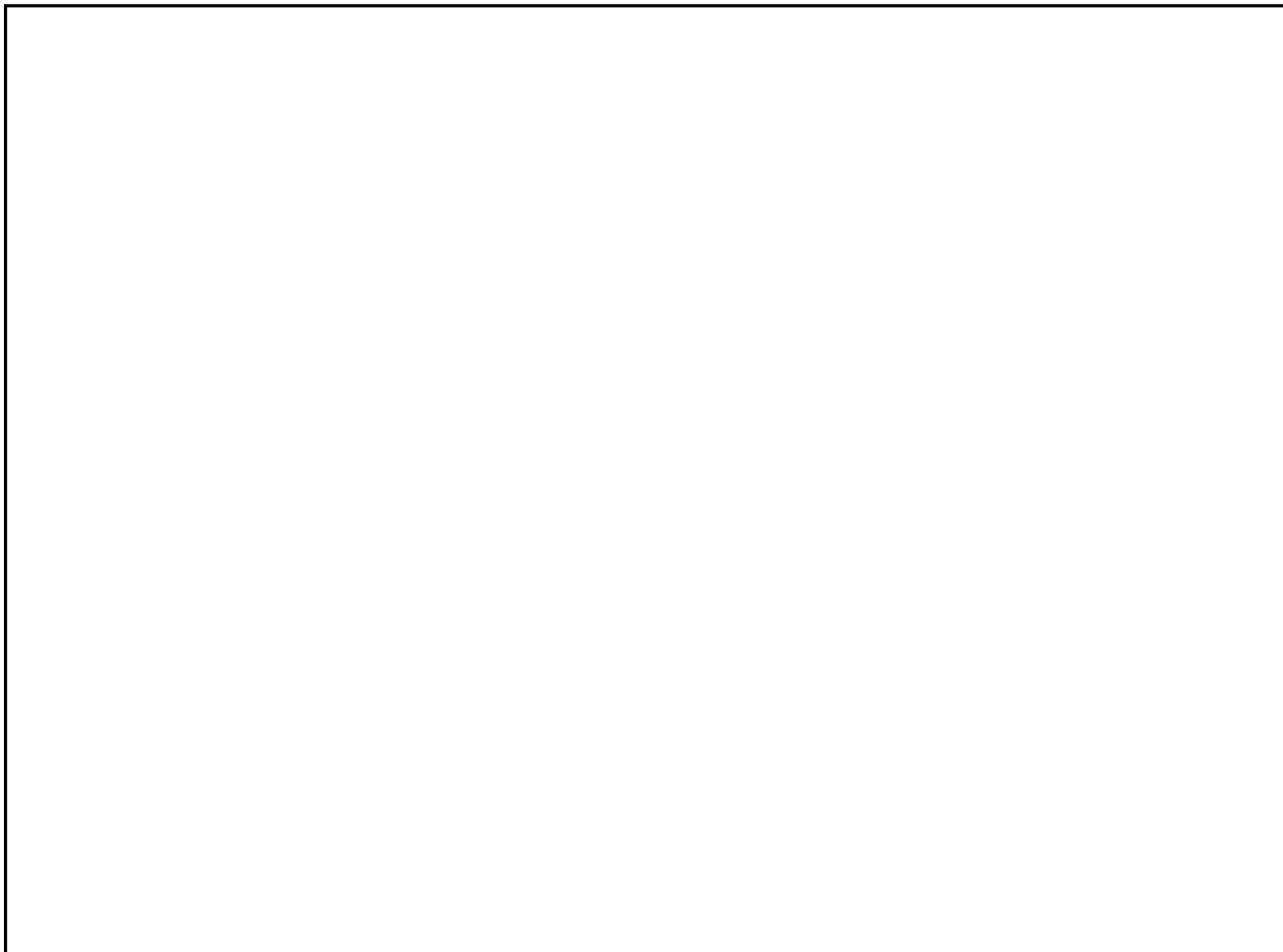
tractors, diesel generators, and equipment for the Northeast Development Administration--SUDENE.

Shoe factory in Bahia--According to Prague radio on 19 April 1961, a group of Czech technicians was to leave for Brazil shortly. During their stay there they will supervise the assembly of the machines in a plant for the manufacture of leather footwear in the State of Bahia. The machines were delivered by the Czechoslovak foreign trade corporation Kovo.

25X1

Approved For Release 2004/10/08 : CIA-RDP79S00427A000500040035-3

5. POLAND



Fishing--Recife radio reported on 5 May 1961 that a Polish mission was in Recife attempting to find out how Polish industry could participate in the program of development of the State of Pernambuco. The Polish delegates had expressed especial interest in the fishing industry.

Approved For Release 2004/10/08 : CIA-RDP79S00427A000500040035-3

25X1

Approved For Release 2004/10/08 : CIA-RDP79S00427A000500040035-3

Next 1 Page(s) In Document Exempt

Approved For Release 2004/10/08 : CIA-RDP79S00427A000500040035-3